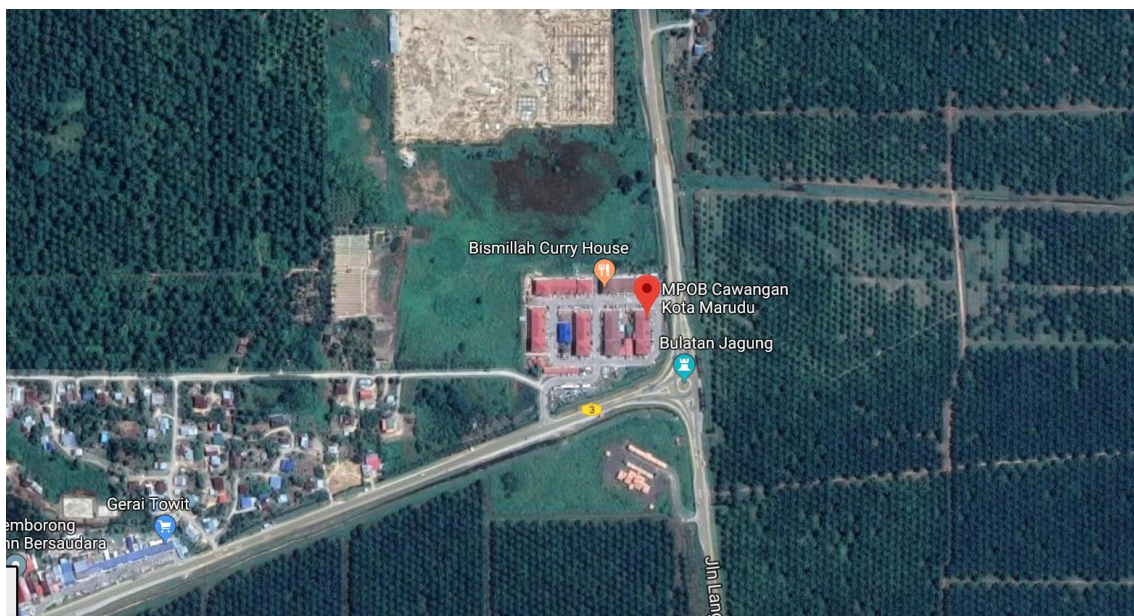


MSPO Audit Summary

Company Name:	SPOC Kudat (S3)
Address:	Lot 36, Tingkat 1, Langkon Commercial Centre, Simpang 3, 89107 Kota Marudu, Sabah.
Reference No.:	100028
Standard(s):	MS 2530-2:2013
MPOB licence no: (for group certification, list all licences no. in the group)	1. Contact PCI for details
MPOB licence scope of activity:	1. FFB Harvesting
MPOB Licence expiry date:	1. Contact PCI for details
Audit Type:	<input checked="" type="checkbox"/> Stage 2 Audit <input type="checkbox"/> Surveillance Audit <input type="checkbox"/> Re-certification Audit
Audit scope:	Oil Palm Smallholder Group
Sites sampled: (for group certification only)	9 smallholders (SH4, SH6, SH8, SH17, SH20, SH29, SH36, SH38, SH60)

GPS Coordinate:	N 6° 32' 6.533" E 116° 42' 33.962"
Map showing approximate location of certified entity:	



Audit date:	01/10/2018 to 02/10/2018
Total number of man-day(s):	4.0 man-day(s)
(for MSPO Part 2 & Part 3)	<input type="checkbox"/> Not applicable

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Planted Area:	276.10 ha.
(for MSPO Part 2 & Part 3) Estimated tonnage of annual FFB produced:	<input type="checkbox"/> Not applicable mt.
(for MSPO Part 4) Estimated processing capacity: Estimated certified palm oil (CSPO): Estimated certified palm kernel (CSPK):	<input checked="" type="checkbox"/> Not applicable mt. FFB/hour mt./hour mt./hour
(N/A for Stage 2 & Re-certification assessment) Date of certificate issued and validity	<input checked="" type="checkbox"/> Not applicable dd/mm/yyyy to dd/mm/yyyy
Please state if the organization certified for other sustainability scheme(s)?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, _____

Executive Summary

Through MPOB, smallholders had indicated their consent to participate in the certification scheme by signing an MSPO policy document prepared by the Group Manager. There was general awareness on commitment toward improving productivity among the smallholders by adhering to their Group Manager's advice and recommendation on good agricultural practices. A starkly noted constraint was the limited financial resources among some smallholders especially in purchasing of fertilizers to follow MPOB standards of GAP. The smallholders interviewed were generally supportive and eager to participate in the management system toward sustainability through MSPO.

Commitment shown both by the Group Manager and the smallholders toward MSPO was evident through a signed letter of participation and establishment of communication initiated by the Group Manager to monitor the performances of the smallholders. The Group Manager had created a WhatsApp group to disseminate latest information.

The Group Manager planned and conducted regular site visits and GAP seminars. Talks were organised to communicate new ways and technology to be considered by smallholders to improve work methods. The MPOB journal Warta Sawit and research information were distributed to smallholders to get them abreast with recent event and agricultural practices.

Of the 9 smallholders sampled in this audit, 6 were to produce their FFB tickets, indicating that they understood the need to maintain proper records. All smallholders were required by the Group Manager to submit or communicate information on their total FFB sales monthly but not all were found able to do so.

There is general awareness among smallholders toward the need of legal compliance. They understand the need to protect wildlife and the conservation of their habitats.

All the smallholders were either in possession of land titles or in the process of obtaining title from the authority. They all were able to identify and show their boundaries and there was no issue of any dispute over their land between neighbours.

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No written complaints and grievances had been received from the smallholders as the Group Manager's file did not contain any submission of the "Borang Aduan dan Rungutan" at the time of this Stage 2 Audit. During the site visit, however, a smallholder Mr Yong Thau Sun was irked that there was a contradictory practice of open burning at the Kudat municipal dump where he disposed of the domestic waste from his estate.

Smallholders were given awareness briefing on safety and health including usage of proper PPE at seminars such as the one held at Dewan Sikuati 18/04/2018 attended by 110 smallholders. Farms were mostly managed as family-owned with a reliance on family members for manpower. Workers hired were casual labourers on an as-and-when required basis. Generally piece-rated (by tonnage of FFB harvested), employee and employer verbally reached mutually agreeable terms and conditions. This process was found to be in order after an interview at the site with a temporary worker (Uthing Bin Akiew) for sampled small holder, Leong Kon Fah @ Thomas O Liong Sin and contract worker (Agustinus Kengga) for sampled small holder, Chang Yee Yun. Another smallholder Mr Marimpun Baning provided a confirmation letter for his worker Mr Bonny bin Lankap of Kpg Bingolon to work on his estate, issued on 11/10/2011.

Smallholders show general awareness toward obtaining and preferring the best prices available within their area to sell their fruits. However, they have no choice except to send their crop to the nearest collection centre to save cost on transport. Smallholders have access to information via WhatsApp as well as updates on the latest price and OER from the nearby 8 collection centres and one operated by the SPOC co-op (Koperasi Penanam Sawit Mampan Matunggong).

Some keen smallholders were practicing integrated farming by intercropping (banana and pepper). Mr Matia Talubin planted bananas between his oil palms. Mr Jaminit Kenzin had 600 vines of pepper planted in 3 rows between his palms, making him a model farmer in Kuat.

Overall SPOC Kudat (S3) is implementing a management system that is fulfilling the requirement of MSPO standards with some improvement areas as outlined below.

Listing of strength / strong point identified:

No	Strength Statement
1.	<i>The organizational structure and strength of the MPOB office in Kudat.</i>
2.	<i>Trained MPOB staff in handling extension services to smallholders.</i>
3.	<i>Logistics assets to support implementation of SPOC development.</i>

Listing of improvement potential / opportunities for improvement (OFI)

No	OFI Statement
1.	<i>Further enhancement on recording the implementation status for each activity planned for respective smallholders should be considered for better monitoring purpose.</i>
2.	<i>It was noted that Mr Yong Thau Shun had a complaint about smoke from the municipal dump at Sikuati where he dropped off his domestic wastes. He was told to make use of the "Borang Aduan dan Rungutan".</i>

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3.	<i>During the site visit, used tyres were observed stacked beside a hut at the holding of Mr Jominit Kenzin. The tyres should have been perforated to avoid trapped water, a potential breeding place for mosquitoes.</i>
4.	<i>The general observation among smallholders was that waste agro-chemicals containers were stored at designated area. The appropriate and suitable storage condition should be further enhanced for continual improvement (through segregation and proper storage).</i>
5.	<i>Among the smallholders visited, 2 did not have a signboard to indicate estate identification (Mr Thomas O @ Leong Kon Fah and Mr Jominit bin Kenzin).</i>

Listing of nonconformity (NCR)

No	Clause	NCR Statement	NCR status
1.	Nil	Nil	<input type="checkbox"/> Open <input type="checkbox"/> Close

Stakeholder consultation summary

Any issues raised by the stakeholder(s) towards the company?	<input type="checkbox"/> Yes, issue: _____ <input checked="" type="checkbox"/> No.
Remarks: <i>The smallholders expressed satisfaction with the extension services provided by the Group Manager.</i>	

Certification recommendation

In reference to **MS 2530-2:2013**, the audit team recommends for:

<input checked="" type="checkbox"/> Issuance of the certificate.
<input type="checkbox"/> Issuance of the certificate as soon as implementation of corrective action(s) has been demonstrated.
<input type="checkbox"/> Maintenance of the certificate.
<input type="checkbox"/> Maintenance of the certificate as soon as implementation of corrective action has been demonstrated.
<input type="checkbox"/> Not applicable, due to extraordinary type of report.

Tentative next audit date: **10/2019**

Company Representative	
Designation:	<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Other, please specify:
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PCI Audit Team Leader	
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PCI Audit Team Member 1	

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Name:	Tee Kee Hu
Position:	<input checked="" type="checkbox"/> Co-Auditor <input type="checkbox"/> Auditor-in-Training <input type="checkbox"/> Technical Expert <input type="checkbox"/> Observer <input type="checkbox"/> Other, please specify:
Area of expertise (N/A if observer & other)	Environmental, health & safety, HIRARC